Accountability Report

2015–2016

NOVA SCOTIA

Table of Contents

Accountability Statement 1

Message from the Minister 2

Financial Results 3

Measuring our Performance 4

- Focusing on Fiscal Sustainability 4
  - Functioning Effectively Under the Allotted Budget for the Department 4
- Focusing on the Economy 5
  - Diverse, Innovative, Competitive, and Sustainable Agriculture and Agri-food Industries 5
  - Collaborative, Market Focused, and Attractive Business Climate 9
  - Safeguard Agricultural Resources, the Environment, and Rural Economies 12
- Focusing on Education and Skills Training 13
  - Safe, Responsible, and Attractive Agriculture and Agri-food Industries 13
- Focusing on Demographics and People 14
  - Reliable and Highly Qualified Workforce 14
- Performance Measures Discontinued for the 2016-2017 Fiscal Year 16

Appendix A 17

Accountability Statement

The accountability report of the Department of Agriculture for the year ended March 31, 2016 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against the Department of Agriculture Statement of Mandate for the fiscal year just ended. The reporting of the Department of Agriculture outcomes necessarily includes estimates, judgments and opinions by department management.

We acknowledge that this accountability report is the responsibility of Department of Agriculture management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in the department's 2015-2016 Statement of Mandate.

Original signed by

Honourable Keith Colwell, E.C.N.S.
Minister

Original signed by

Kim MacNeil
Deputy Minister

Message from the Minister

I am pleased to present the Department of Agriculture accountability report for 2015-16.

Agriculture is the backbone of our economy. Nurturing the sector and unlocking its potential for growth is a priority for the provincial government and during 2015-16 we continued to collaborate with industry stakeholders to achieve progress.

Agri-food has seen export growth in the past year, with a 21percent increase to $385 million. The world's appetite for our wild blueberries, apples and other value-added products connects Nova Scotia to a global food culture that benefits our producers through exports and generates visitors to our rural communities.

The potential of our wine industry means we need more grapes planted in Nova Scotia and more attention paid to research and development and quality control. This past year we have supported that with strategic investments. In December, we announced the $1 million Vineyard Development and Expansion program to increase the number of acres of grapes in production. In March, the provincial and federal governments funded a wine analysis lab at Acadia University to build our capacity for research and product testing right here in Nova Scotia.

Select Nova Scotia continues to share the story of the importance of buying local. Through its social media presence, media partnerships and collaboration with farmers markets and major grocery retailers, this marketing program is raising public awareness of the many ways there are to add quality locally-grown and made products to our grocery lists.

In order to ensure a steady supply of those local products we continue to work with industry and government partners to support our farmers. This has included support for apple and maple producers who are recovering from the effects of disease and a harsh winter, expanding insurance plans through the Nova Scotia Crop and Livestock Insurance Commission, increasing the amount of land available for wild blueberry production and making it easier for new farmers to receive advice and support through the FarmNext program.

For agriculture to continue to succeed we all need to be choosing quality Nova Scotia products wherever and whenever we can. That supports the jobs and economic benefits that agriculture brings to our rural communities and it helps Nova Scotia succeed on the international stage.

Original signed by

Honourable Keith Colwell, E.C.N.S.

Minister of Agriculture

Financial Results

Agriculture

	2015-16 Estimate ($thousands)	2015-16 Actual ($thousands)
Senior Management	685	729
Policy and Corporate Services	43,729	43,711
Agriculture and Food Operations	17,122	16,489
Total Gross Departmental Expenses	61,536	60,929
Additional Information		
Other Fees and Charges	(2,204)	(2,280)
Ordinary Recoveries	(5,976)	(6,858)
TCA Purchase Requirements	2,040	2,096
Provincial Funded Staff (FTEs)	212.2	201.0

Measuring our Performance

Focusing on Fiscal Sustainability

Functioning Effectively Under the Allotted Budget for the Department

BALANCING THE BUDGET

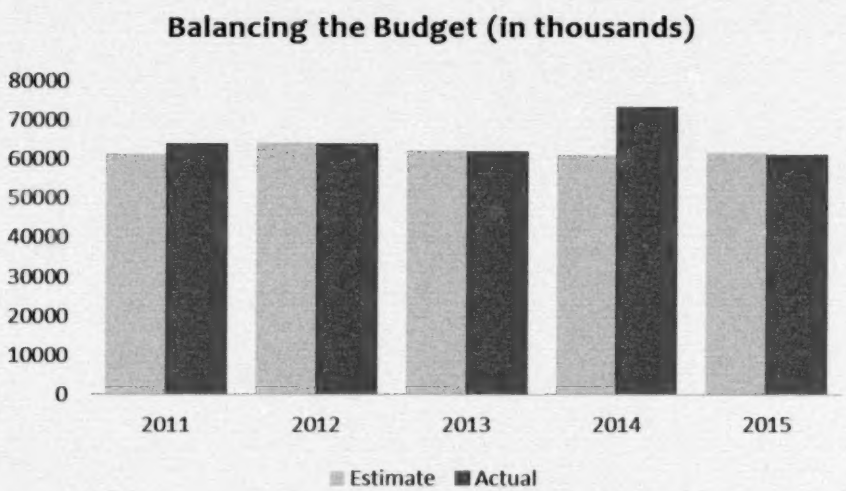
The department strives to achieve a balanced budget during the execution of its mandate. The goal is to maintain a balanced budget over the long-term.

WHAT DOES THE MEASURE TELL US?

This measure shows the discrepancy between the estimated and actual values of total gross departmental expenses in the budget. With the long-term goal of the Department to have a balanced budget, this value would have to be reported as $0 to show the Department has achieved a balance budget.

WHERE ARE WE NOW?

The discrepancy between the estimated and actual values of total gross departmental expenses in the budget for the 2015-2016 fiscal period was $607,000.



WHERE DO WE WANT TO BE IN THE FUTURE?

The Department attempts to minimize the discrepancy between the estimated and actual values of total gross departmental expenses in the budget with a long-term goal of a balanced budget (a discrepancy of $0). The department monitors the monthly budget forecasts and manages expenditures to meet budget allocations in order to operate within the allotted budget.

Focusing on the Economy

Diverse, Innovative, Competitive, and Sustainable Agriculture and Agri-food Industries

TOTAL FARM CASH RECEIPTS[1]

Farm cash receipts estimate the agriculture sector's farm gate value (i.e. sales to buyers outside of the provincial agriculture sector), including direct payments and insurance proceeds that provide short-term income stabilization.

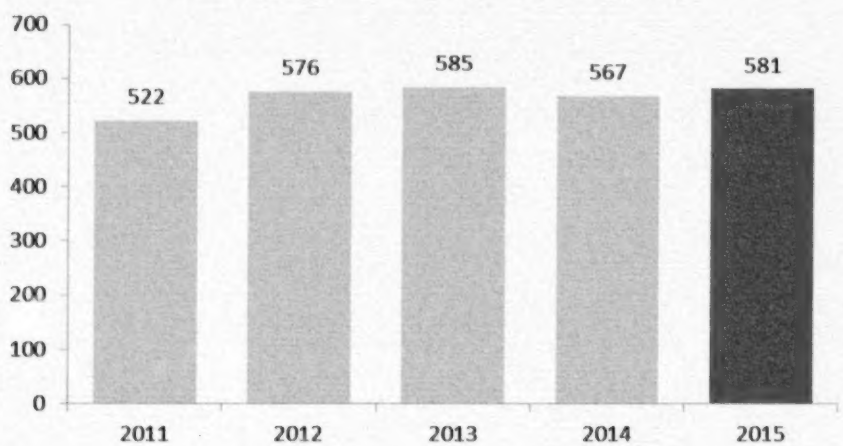
WHAT DOES THE MEASURE TELL US?

This measure shows the combined cash receipts for all farming operations in Nova Scotia.

WHERE ARE WE NOW?

The target for this fiscal year was $560 million. Receipts vary from year to year due to several factors, including variable growing and economic conditions, and the value of the Canadian dollar. In 2015, Nova Scotia's cash receipts from agricultural production totaled $581 million, accounting for 36 percent of total receipts for the Maritimes. Nova Scotia's 2015 cash receipts increased 1.4 percent from 2014, mainly due to increased sales of mink pelts, Christmas trees, cattle and calves. While mink pelt sales increased the most from 2014, this change was largely offset by a reduction in AgriStability payments. Nova Scotia's share of Canada's total farm cash receipts decreased slightly from 2014 to 2015, due in part to gains in receipts at the national level for crops such as lentils, canola, and wheat.

Total Farm Cash Receipts ($ millions)



[1] Data taken from NSDA data file DA09003 and CANSIM 002-0001.

WHERE DO WE WANT TO BE IN THE FUTURE?

Although annual fluctuations are difficult to avoid, the department aims to grow agricultural market receipts over the long term.

TOTAL AGRI-FOOD EXPORTS, LESS SEAFOOD PRODUCTS AND FISHING[2]

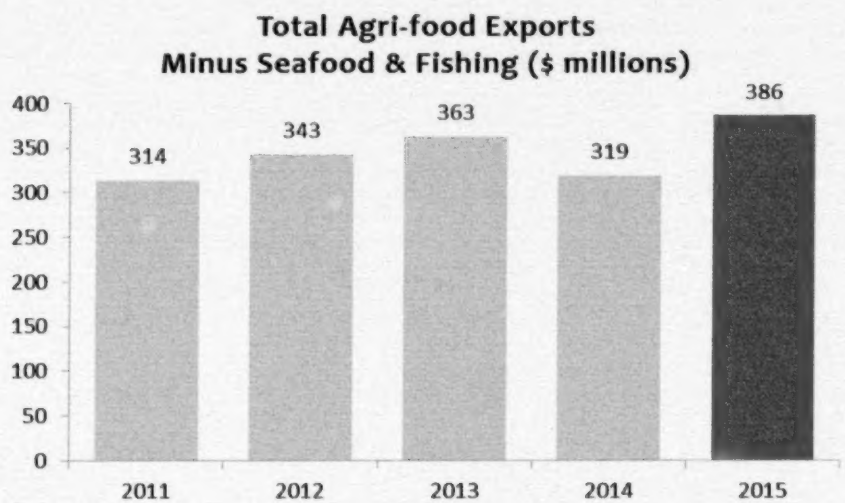
The department promotes agri-food exports through participation in major international trade shows, incoming and outgoing buyer missions, media events and other initiatives.

WHAT DOES THE MEASURE TELL US?

This measure shows the dollar value of exports from Nova Scotia's agri-food industry (less seafood products and fishing).

WHERE ARE WE NOW?

The target for this fiscal year was $341 million. The most recent data places Nova Scotia's agri-food exports at $385.9 million in 2015, a 20.8 percent increase over the previous year's value of $319.4 million. Low mink prices continue to weigh on agri-food exports. Although mink exports increased 61 percent to just under $87 million in 2015, mink shipments are still below the record high exports reported from 2010 to 2013. Blueberries are Nova Scotia's leading agri-food export, with exports increasing 8.6 percent to $177.3 million in 2015.



[2] This measure is calculated using data from Statistics Canada, who include 'seafood products and fishing' as a subset of 'agri-food'. This measure de-couples the data to show only land-based agriculture and agri-food processing.

WHERE DO WE WANT TO BE IN THE FUTURE?

The department aims to increase export sales over the long-term. Agri-food exports have been on the rebound from the worldwide recession in 2010. The 10 year target, adopted by the ONE NS Commission, is to double agricultural exports by 2024 (Goal 15). Given the level of agricultural exports when the report was prepared for the Commission by Atlantic Province Economic Council (APEC), the 10 year target is $480 million.

AGRICULTURE LABOUR PRODUCTIVITY

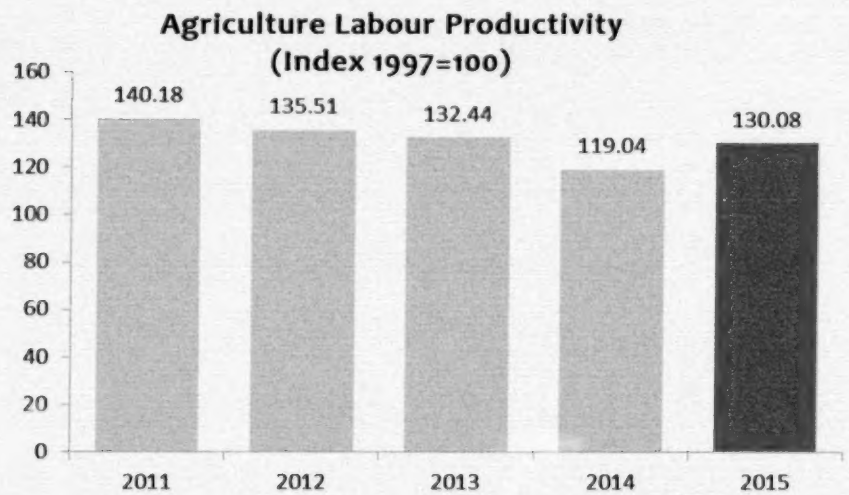
Measures of agriculture labour productivity help to identify the rate at which labour input generates agricultural output. The measure presented in this report is an index of real gross domestic product (GDP) per labour hour in the agriculture sector (1997=100). This index can be used to gauge relative changes in labour productivity over time.

WHAT DOES THE MEASURE TELL US?

This labour productivity measure provides insights on how efficiently agricultural goods are produced, which in turn is a major determinant of per capita income over the longer term. Growth in labour productivity is generally associated with an increase in a sector's ability to address changes in the marketplace, and improvements in the standard of living among operators and employees.

WHERE ARE WE NOW?

The 2015 labour productivity estimate was of 130.08, which corresponds to a 9.3 percent increase in labour productivity from 2014. The decrease in productivity from 2013 to 2014, and the increase from 2014 to 2015, were primarily caused by movements in real GDP. The fall and rise in mink prices was likely the most significant cause of changes in GDP.



WHERE DO WE WANT TO BE IN THE FUTURE?

Although annual fluctuations are difficult to avoid, the department aims to grow labour productivity over the long-term through promoting more efficient production practices and encouraging innovation.

AGRI-FOOD PROCESSING LABOUR PRODUCTIVITY

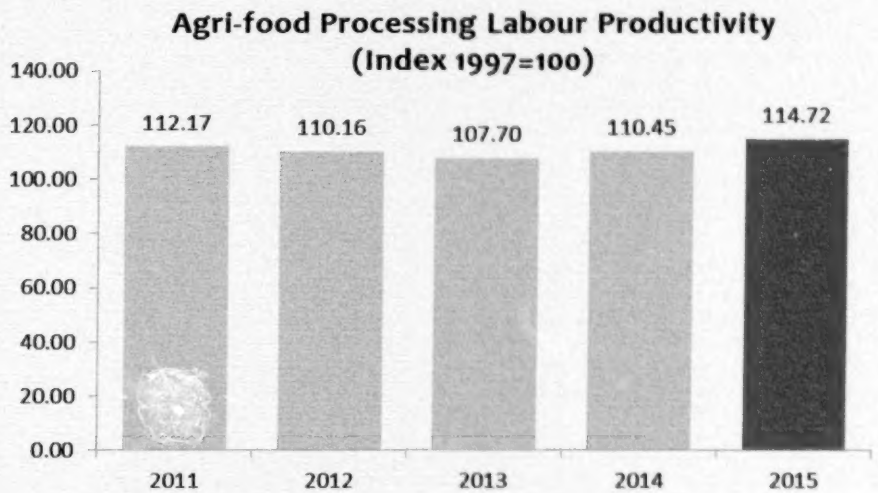
Measures of agri-food processing labour productivity help to identify the rate at which labour input generates agri-food output. The measure presented in this report is an index of real gross domestic product (GDP) per labour hour in the agri-food sector (1997=100). This index can be used to gauge relative changes in labour productivity over time.

WHAT DOES THE MEASURE TELL US?

This labour productivity measure provides insights on how efficiently agri-food goods are produced, which in turn is a major determinant of per capita income over the longer term. Growth in labour productivity is generally associated with an increase in a sector's ability to address changes in the marketplace, and improvements in the standard of living among operators and employees.

WHERE ARE WE NOW?

The 2015 labour productivity estimate was 114.72, which corresponds to a 3.9 percent increase in labour productivity from 2014. This increase resulted from a decline in labour hours from 2013 to 2014. Over the last ten years, agri-food processing labour productivity has had a slight upward trend, as labour hours have declined at a faster rate than real GDP.



WHERE DO WE WANT TO BE IN THE FUTURE?

Although annual fluctuations are difficult to avoid, the department aims to grow labour

productivity over the long-term through promoting more efficient production practices and encouraging innovation.

Collaborative, Market Focused, and Attractive Business Climate

PERCENTAGE OF FARM REVENUES PROTECTED THROUGH AGRIINVEST

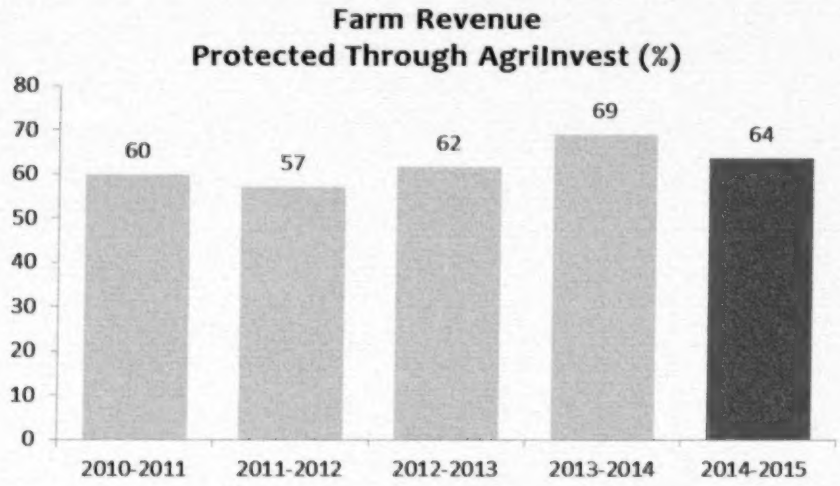
AgriInvest is a government / producer cost-shared initiative to protect farm businesses against income losses. The program contributes 1 percent of the producer's commodity net sales. Participation for producers is voluntary, with the federal and provincial governments and producers paying into a deposit account.

WHAT DOES THE MEASURE TELL US?

This measure tells us the amount of farm revenues in the province protected against small income declines through BRM programming.

WHERE ARE WE NOW?

Sixty-four percent of market revenues were protected in 2015-16, down from 69 percent the year before. This is lower than the target for this fiscal year of 70 percent.



WHERE DO WE WANT TO BE IN THE FUTURE?

The department has a target of protecting a minimum of 70 percent of farm revenues through the AgriInvest program.

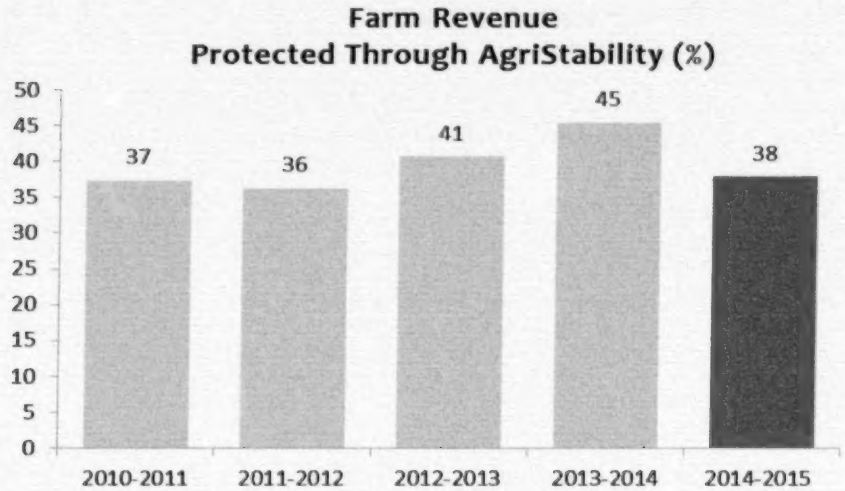
PERCENTAGE OF FARM REVENUES PROTECTED THROUGH AGRISTABILITY

AgriStability is a government/producer cost-shared initiative to protect farm businesses against income losses greater than 30 percent in a given year. Producer participation is voluntary, with

producers paying a fee to participate and the federal and provincial governments cost sharing the losses.

WHAT DOES THE MEASURE TELL US?
This measure tells us the amount of farm revenues in the province protected against large income declines through business risk management (BRM) programming.

WHERE ARE WE NOW?
Thirty-eight percent of market revenues were protected in 2015-16, down from 45 percent from the previous year. This is lower than the target for this fiscal year of 50 percent.



WHERE DO WE WANT TO BE IN THE FUTURE?
The department has a target of protecting a minimum of 50 percent of farm revenues through the AgriStability program.

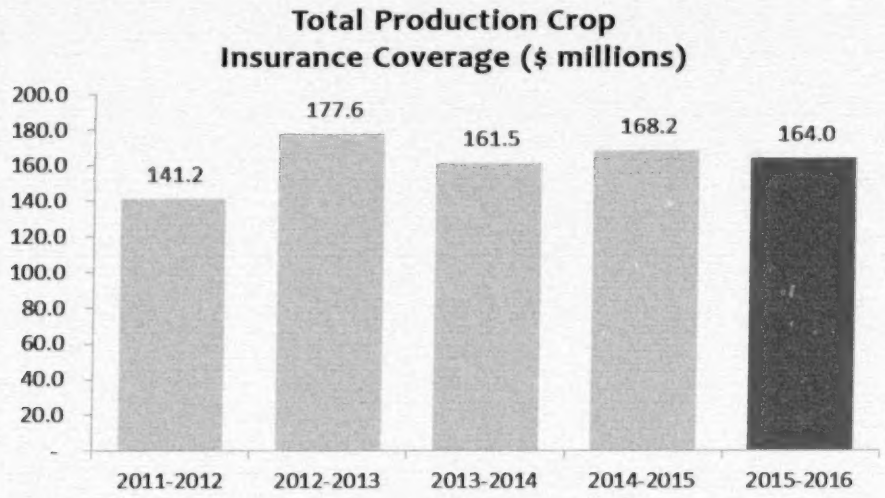
TOTAL PRODUCTION CROP INSURANCE COVERAGE
The Nova Scotia Crop and Livestock Insurance Commission supports the sustainable growth and development of primary agriculture by providing insurance products to insured producers that offer coverage for specific production declines resulting from natural perils. As a risk management program, AgriInsurance provides an opportunity for increased rural economic development and supports sustainability, jobs, innovation and increased trade opportunities in the agriculture sector.

WHAT DOES THE MEASURE TELL US?
This measure shows the value of insurance coverage purchased by Nova Scotia's agriculture industry under the AgriInsurance program. This measure is an indicator of the amount of production risk Nova Scotia farmers voluntarily transfer through insurance

products that enable them to reduce the financial risk associated with reduced crop yields or production losses caused by insured natural perils. Managing the risk of loss from natural perils, which are outside their control, allows producers to stabilize their farm incomes, improve their cash flow and profitability, and contributes to increased economic growth and jobs in rural communities. This business risk management tool also allows farmers an opportunity to invest in activities such as development of on farm innovations or access to new trade and/or marketing opportunities.

WHERE ARE WE NOW?

The Nova Scotia Crop and Livestock Insurance Commission carried $164 million in AgriInsurance coverage in 2015-16, which represented an overall decrease of 2.5 percent from $168.2 million the previous year. The decrease was primarily the result of lower marketing of poultry in the poultry insurance plan during this period, which resulted in a reduction in coverage in this plan of almost 7 percent. In 2015-16 dairy insurance coverage increased by 3 percent and crop insurance coverage experienced a modest increase of 1 percent. Overall insurance coverage during 2015-16 continued to exceed the Commission's target of $140 million.



WHERE DO WE WANT TO BE IN THE FUTURE?

The Commission anticipates modest growth next year in the level of coverage purchased by producers. Total insurance coverage is targeted to be in the range of $170 million dollars in 2016-17. Further substantive growth in coverage will be dependent on the demand for existing insurance plans and industry uptake of new insurance plans for crops such as grapes and a new vegetable acreage loss insurance plan which were offered for the first time during the 2016 crop year.

Safeguard Agricultural Resources, the Environment, and Rural Economies

LOCAL FOOD CONSUMPTION

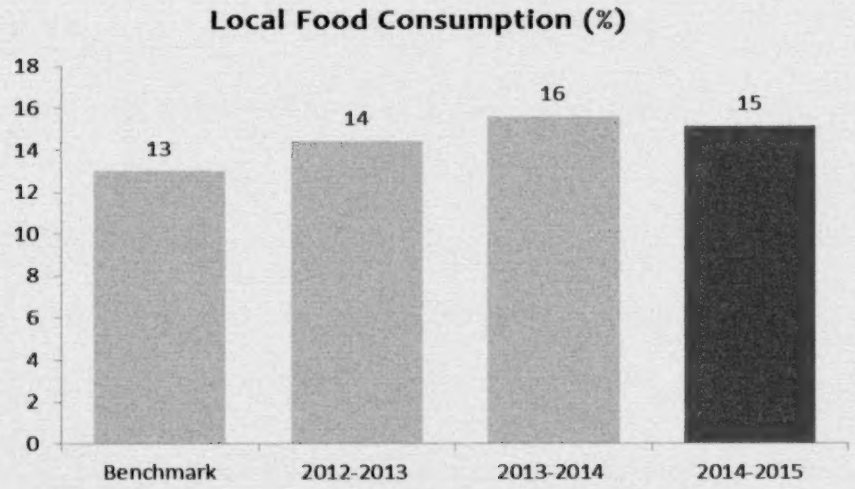
One of the local food goals of the Environmental Goals and Sustainable Prosperity Act (EGSPA) is to encourage local food consumption within the province of Nova Scotia.

WHAT DOES THE MEASURE TELL US?

To measure the proportion of our food dollar that goes back to Nova Scotia Farms, a common proxy measure is used. This measure examines the farm cash receipts for food produced on Nova Scotia farms in relation to the money spent on food (excluding seafood) annually by Nova Scotians. In 2011-2012 (the benchmark year), this measure showed 13 percent of money spent on food by Nova Scotians being spent on locally produced food.

WHERE ARE WE NOW?

In the benchmark year (2011), this measure showed that 13 percent of money spent on food by Nova Scotians being spent on locally produced food. Since inception, there was an increasing trend towards the long-term goal is 20 percent, with 14 percent reported in 2012 and 16 percent in 2013. In 2014, food expenditures increased at a higher rate than farm cash receipts, resulting in a decrease the value of this measure to 15 percent. Given a release lag in the Statistics Canada data used to calculate this measure, 2014 is the most recent value that can be reported.



WHERE DO WE WANT TO BE IN THE FUTURE?

Providing support to encourage consumption of locally produced foods with the goal of 20 percent of money spent on food by Nova Scotians being spent on locally produced food by 2020.

LOCAL FOOD PRODUCTION

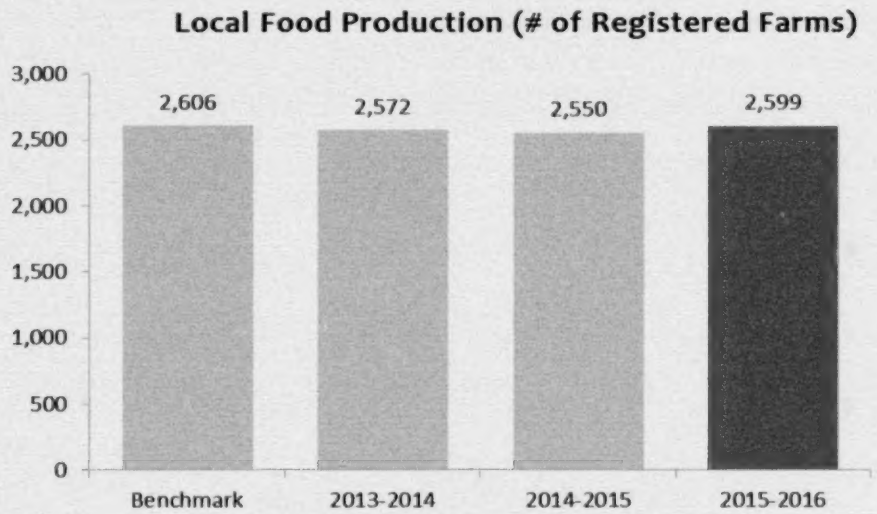
The other local food goal of the Environmental Goals and Sustainable Prosperity Act (EGSPA) is to encourage local food production within the province of Nova Scotia.

WHAT DOES THE MEASURE TELL US?

This measure uses farm registration data to show the progress toward increasing the number of local farms relative to the number of local farms in 2012-2013 (the benchmark year), in which there were 2,606 farms registered within Nova Scotia.

WHERE ARE WE NOW?

In 2012-2013 (the benchmark year), there were 2,606 farms registered within Nova Scotia. The number of farms registered in the province for 2015-2016 is 2,599, up 49 registered farms above the previous fiscal year.



WHERE DO WE WANT TO BE IN THE FUTURE?

Providing support to encourage local food production will help to achieve the long-term goal of increasing the number of local farms by 5 percent by 2020, relative to the number of local farms in 2012. This means the long-term goal is to have 2,736 registered farms by 2020.

Focusing on Education and Skills Training

Safe, Responsible, and Attractive Agriculture and Agri-food Industries

As of July 1, the inspection, compliance and enforcement functions from several provincial government departments came together under the Environmental Health and Food Safety

Division of Nova Scotia Environment. This new division is now responsible for the majority of field operations relating to environmental protection and effective management of our natural resources. It responds to requests for environmental assistance, approvals and investigations through its regional and district office network. As a result of this consolidation, several functions reported through our performance measures no longer rests with the Department of Agriculture. Therefore, we will not report on the following performance measures: (1) Permits Issued for Food Establishments; (2) Warnings Issued; (3) Closures of Food Establishments; (4) Animals Inspected or Processed; and (5) Audits Conducted.

Focusing on Demographics and People

Reliable and Highly Qualified Workforce

EMPLOYMENT IN AGRICULTURE

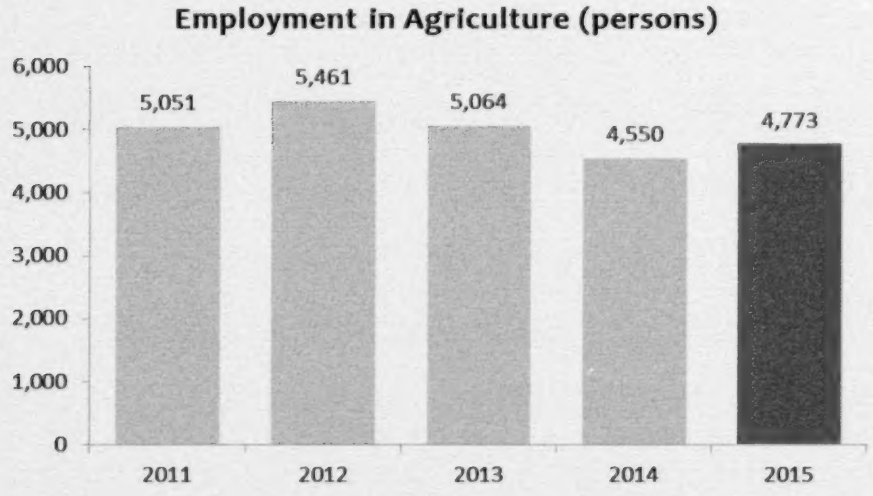
The agriculture sector is a significant contributor to rural employment, and a growing agriculture sector should positively impact the economic and social well-being of rural communities through increased employment opportunities.

WHAT DOES THE MEASURE TELL US?

The agriculture employment data captures the total number of full and part-time employees, including self-employed owner-operators.

WHERE ARE WE NOW?

The target for this fiscal year was 5,000 employees. The current 2015 estimate for total employment is 4,773 workers, up 3.9 percent from 2014. There was a notable 15.9 percent increase in the number of full-time employees, with the share of full-time employees increasing from 80 percent to 89 percent of total employment.



WHERE DO WE WANT TO BE IN THE FUTURE?

The long-term goal of the department is to increase agriculture employment to meet the demands of a growing agriculture sector, through efforts that attract and maintain the required workforce.

EMPLOYMENT IN AGRI-FOOD PROCESSING

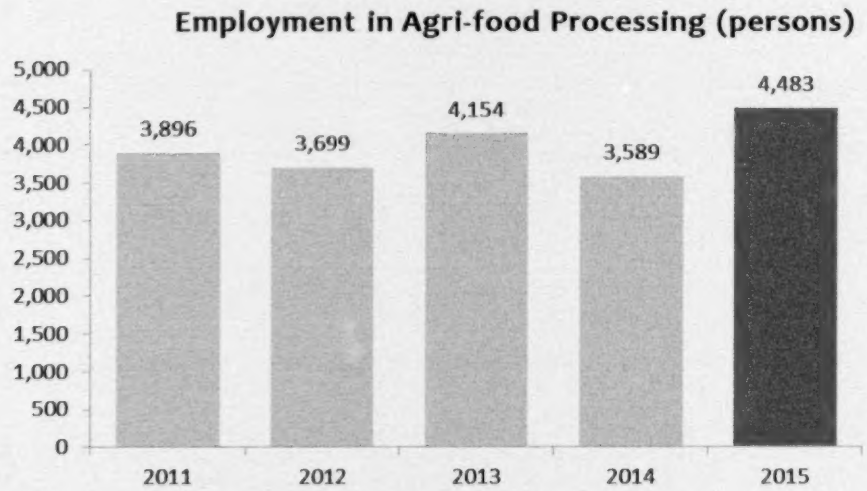
The agri-food processing sector is a significant contributor to rural employment, and a growing agri-food sector should positively impact the economic and social well-being of rural communities through increased employment opportunities.

WHAT DOES THE MEASURE TELL US?

Agri-food employment is an estimate on the total number of salaried and hourly paid employees of food and beverage processing plants, excluding businesses primarily engaged in seafood processing.

WHERE ARE WE NOW?

The target for this fiscal year was 4,000 employees. The current 2015 estimate for employment is 4,483 workers, down 1.2 percent from 4,536 workers in 2014. Agri-food processing was the third highest employer in Nova Scotia's manufacturing sector in 2015, accounting for 14.9 percent of manufacturing jobs.



WHERE DO WE WANT TO BE IN THE FUTURE?

The long-term goal of the department is to increase agri-food processing employment to meet the demands of a growing agri-food sector, through efforts that attract and maintain the required workforce.

Performance Measures Discontinued for the 2016-2017 Fiscal Year

We have realigned our performance measures in keeping with the five key strategic themes of the department: (1) Enabling responsible economic growth; (2) Supporting research and innovation; (3) Building public trust and market acceptance; (4) Increasing trade and market access; and (5) Encouraging value added opportunities.

The performance measures that have been selected to continue as key indicators for progress towards our strategic themes include (1) Farm Cash Receipts; (2) Agriculture Labour Productivity; (3) Agri-food Processing Labour Productivity; (4) EGSPA Local Food Consumption; and (5) Agricultural and Agrifood Exports. Net Operating Margin and Agri-food Processing Revenues will be added as new performance measures that will be reported on starting in the 2016-2017 fiscal year.

Appendix A

Annual Report under Section 18 of the *Public Interest Disclosure of Wrongdoing Act*

The following is a summary of disclosures received by the Department of Agriculture

Information Required under Section 18 of the Act	Fiscal Year 2015-2016
The number of disclosures received	0
The number of findings of wrongdoing	0
Details of each wrongdoing	N/A
Recommendations and actions taken on each wrongdoing	N/A